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## Next Gen FSA—Stay in the Fight!

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# Guest Perspective:

## Next Gen FSA – Stay in the Fight!

These remarks were delivered by Gen. Mark Brown, Chief Operating Officer for Federal Student Aid on September 19, 2019 at the 2019 National College Access Network (NCAN) Conference in Indianapolis, Indiana. Gen. Brown granted JCA permission to reprint his remarks.



Authored by  
Gen. Mark Brown (*Federal Student Aid*)

It's indeed a pleasure for all of us to be part of this national conference. You know, one of the best parts of making presentations like this one today, is learning about the host organization.

Getting to know you, NCAN, by way of the seeds you sow throughout the higher education community and the work you produce has been a great joy for me. I'm aware that there are many times during our longstanding relationship that NCAN helped FSA roll out changes and new programs to the millions of people who rely on financial aid. Through your "Form Your Future" campaign, your organization drove more than 150,000 clicks to [fafsa.gov](https://fafsa.gov). And you've provided free resources to nearly 4,000 college access and success professionals helping students complete the FAFSA form.

Without question, the strength of the NCAN-FSA partnership is our common understanding of "why" we must bring our best efforts and all the talent we can find together to address the complex, worsening challenge of college affordability. Your recent white paper aptly entitled, *The Growing Gap*, contains a few conclusions that grabbed my interest. In fact, after reading your paper, I

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wondered if, somehow, you had an advance copy of FSA's next five-year strategic plan. Or, maybe even this speech that you hadn't yet invited me to give.



I could not agree more with your study's conclusions. The cost of college HAS far outpaced any other economic factor of comparison, including wages. Most colleges CANNOT pass your affordability test. We collectively must address the financial literacy and public issues that have fueled the current state.

By now, I hope it's not a secret that there's a major transformation underway across Federal Student Aid. We call it Next Gen FSA. I'm eager to share with you more about Next Gen, but before I tell you where we are and where we're headed, let me first look back ... back to where we started ... and back to WHY we're doing what we do.



## Next Gen FSA

We need to remind ourselves that at FSA we are NOT politicians, not bankers, not lobbyists — we are public servants for a greater cause. I apologize if you've heard this before — certainly you have if you've heard me speak — but it is foundational to what I believe to be our — the government's and your — collective purpose.

As debates rage on about higher education financing, we must stop, take a deep breath, and remind ourselves why this is still worthy of our best efforts.

To amplify my focus on FSA's "*why*," I made a slight adjustment to our mission statement. I added the phrase, "Keeping the Promise," to the original statement "Funding America's Future, One Student at a Time."

Simply put, we have a promise to keep to America's students — a promise made more than 50 years ago. Let me explain.

Use your imagination, if you will, to look back to America in 1965. Close your eyes if that helps ... that's what I do sometimes. Please allow me to set the scene for just a moment because I think context matters, and it's a good way to establish the importance and urgency of the work to which you and I must commit ourselves.

The setting is clear: It's 1965, and LBJ is almost ready to sign the *Higher Education Act*; he has decided to do so at a public gathering at a university at a dusty gymnasium in his home state of Texas.

But the greater importance was what was happening around the country. At the time, roughly one in 10 Americans graduated college, 19 percent of American families lived in poverty, and the median income stood

just above \$6,000. The average annual cost of one year at a public college was almost \$1,000 and completely out of reach for many Americans.

More than 50 years ago, like NCAN, LBJ recognized the college affordability GAP for many Americans. LBJ had a vision, and that day in

1965, he announced his plan for a greater society where, no child will go unfed, and no youngster will go unschooled.

LBJ wanted to help lift the masses of society by providing financial resources for Americans' higher education goals.

Today, the average household income is \$58,000; poverty has been cut almost in half; 35% of Americans have four or more years of college; and the price tag for one year of education at a public four-year school is \$19,000.



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Still, the GAP exists, like your study says. I cite these statistics because right now, our country is having a public debate about the value of an education, the cost of an education, who should pay for it, and how they should pay for it. And, while it is not my position to opine on this political debate, it is important that we bring some facts to these issues.

As your white paper points out, the cost of higher education continues to climb, well-outpacing the median income. More students and families have turned to loans and savings to cover the gap. This trend has created what Education Secretary DeVos has called a crisis in higher education. She has highlighted the fact that it took 42 years—from 1965 until 2007—for the student loan balance to grow to \$500 billion—although, it only took six years for the loan balance to double to \$ 1 trillion in 2013.

There are a number of factors that have contributed to the rapid growth of federal student loan debt, such as states reducing funding for higher education and the rising cost of tuition. Either way, the average American is bearing an unreasonable burden to educate our children.

The fact, as supported by your GAP study, is that millions of Americans are struggling to effectively, and responsibly manage their student loan debt. They could benefit from better information, tools, and resources to help them PLAN for success, long before they take out loans.

Let me share another story. Earlier this summer, I spent time with three panels of students from various colleges in Atlanta, Georgia. These students were all recipients of various forms of federal student aid, and some of them already had substantial student loan debt. One student was in graduate school.

After some meetings, I asked them about their decision-making as it related to college. In one example, a young lady attending a private, liberal arts school told me that costs were about \$28,000 per semester. This out-of-state student received about \$8,000 in aid, including earning as much as possible in federal work-study funds. Each semester, she had a \$20,000 GAP for which she was responsible and no scholarships to cover.

This young woman is an English major with aspirations to be a writer. I estimated she was accumulating more than \$200,000 in debt over four years. I did not include room and board or a dining hall card. She said she was not getting help from home. This is real business, folks. These decisions are huge! The impact is amplified in communities that have historically been underserved. Amplified in first-generation students. Amplified in low-income households. Amplified amongst minorities.

This is not the vision of LBJ. This young woman needed to better understand her options to make better choices about her college education. Other students I spoke to had similar situations. One young man drove

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for Uber and Lyft and handled luggage for Delta Air Lines over the summer to make ends meet and to save for college expenses.

The time for debate is over. We have to get on with reforming this business of financing a postsecondary education. Cases like the ones I just mentioned are not unique and result in the deep challenges represented in the current federal student aid portfolio.

Last year, FSA processed more than 18 million FAFSA forms, and each year, we provide more than \$120 billion in federal loans, grants, and work-study funds ... to approximately 12 million students – attending nearly 6,000 institutions.

Today, FSA holds nearly \$1.5 trillion in outstanding loans.

Only 24 percent of our more than 42 million borrowers currently is paying down both principal and interest. And, nearly 20 percent of all student loans are delinquent or in default – roughly seven times the rate of delinquency on credit card debt.

I know NCAN and its partner organizations are primarily focused on initiatives that increase access and federal student aid dollars to the students that need them most. I mention these repayment data points because I'm convinced we can dramatically improve repayment outcomes by ensuring that students start their higher education journey

not only with greater access and more dollars, but by being better informed – up front – and having better tools to understand how their journey could or will come to a successful end.

To keep the promise LBJ envisioned, we must do more to help prepare students BEFORE they begin college or career school, while they are in school, and certainly after they leave.



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At FSA, we're doing more to provide information, tools, and resources for practical planning that will lead to better borrowing – when savings, scholarships, and grants aren't enough. We have been vocal advocates for strengthening the Pell Grant Program because – as your “Growing Gap” study points out, you recognize

the power a college education has on the life trajectory of the students who benefit the most from Pell Grants. Because we realize that students and their families are digitally connected in virtually every aspect of their lives, including education, we're meeting students and families where they are.

We're providing a platform that allows our customers to easily learn about, apply for, receive, and repay federal student aid in a digital way. Long gone are the days when a phone was mounted on the wall in our kitchens – when “to go” meant you came to the restaurant to pick it up.

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Today, many of us are using phones to hail rides, get food delivered, find a life partner, and book vacations. Students and parents have a justified expectation that their experience with student aid will be no different than the other digital experiences in their lives. It's true, students are not exactly like us; they have changed, and the federal student aid experience must come into the 21st century. You'll hear more from Wendy about this, but last fall, we successfully launched – on-time – the redesigned, mobile-responsive but “still free” FAFSA form. The form is available today on the StudentAid.gov website and our mobile app: myStudentAid.

Since October, more than 2.1 million people have used a mobile device to apply for federal student aid to start school this fall. Without question, the myStudentAid mobile app makes it easier for students and parents to complete their FAFSA form. We're continuing to build out the app with content and tools that assist our customers all the way through to repayment.

Starting this fall [2019], we're going to build on the functionality of the myStudentAid mobile app to give students and parents personalized information and tools to help them be more-informed borrowers, and ultimately, more productive members of our great society.

Customers will have a one-stop shop for their federal student aid needs, accessible online at StudentAid.gov or through the myStudentAid mobile app. And this will be a

consistent FSA-branded experience on the device of our customers' choice.

In the coming months, we'll consolidate multiple customer-facing websites into StudentAid.gov.

And, in the new year, we'll move these enhancements to our mobile platform to provide robust, self-service options to our customers.

Additionally, we're about to begin a pilot program to provide students a no-cost way to receive their credit balance refunds. The Payment Vehicle Account Program pilot is a limited test intended to help us learn whether with easy, integrated access to our mobile app and increased financial literacy, we can drive better repayment outcomes and minimize excess borrowing. All at no cost to students or schools.

We're further committing to yet another pilot program – known as Project Success – with the goal of improving retention rates, graduation rates, and cohort default rates at minority-serving institutions. This initiative – aimed directly at student success – is not unlike the many that you have championed. For students to be successful, colleges and career schools must ensure that students leave their campuses with a full understanding of their financial obligations and are equipped to enter profitable vocations to meet those obligations.



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Secretary DeVos — who is just an hour down I-65 today visiting Jefferson High School in Lafayette, as part of the “Rethink School” Tour — often emphasizes that it’s important to value paths to the workforce outside of four-year degrees. Your “Growing Gap” study makes some important comparisons between two- and four-year institutions.

In fact, many positions in today’s job market don’t require bachelor’s degrees, and students and their families should be aware of all of their options not only to FUND their education, but also the different credentials they can attain for economic success.

At FSA, we’re going to encourage students — like the ones I met in Atlanta — and families to take practical steps that lead to better borrowing. Practical planning starts with asking some critical questions, such as:

- What college can I afford?
- Would community college, career, or technical school get me to my goals?
- What are all of the ways I can fund my education?
- How much, if any, should I borrow?
- What salary can I expect?

Much of our Next Gen efforts have been focused initially on the “learn about” and “apply for” parts of our customers’ journey. But in addition to what’s coming this fall, the Next Gen transformation also includes: a single portal sign-on that makes self-service the norm for our customers 24/7. I like to say that the bank never closes, but how many of you still physically go to a bank anyway? FSA will operate the same way.



**“For students to be successful, colleges and career schools must ensure that students leave their campuses with a full understanding of their financial obligations and are equipped to enter profitable vocations to meet those obligations.”**

We’ll also have a single telephone number for our customers.

Additionally, we’re working to improve schools’ experience with Federal Student Aid.

Before the end of the year, we look forward to previewing some of the enhancements for financial aid administrators at nearly 6,000 school partners.

To be effective — to keep the promise to America’s students — Federal Student Aid needs strong partners, including schools — and college counselors, mentors, and access professionals like you all. Our collective efforts should be leveraged to educate students and their families about all of their options to fund their educational dreams — innovative tools and resources to assist them — and we must collaborate on programs that result in better repayment outcomes.

## Next Gen FSA

I began our conversation by looking back to 1965 and a promise that was made to America's students. I told you about the students in Atlanta, their GAP challenge, and I'll end by reaffirming that keeping the promise should drive everything we do. And why? Because of students.

Speaking of students, you may have heard one of my favorite student stories, but it's powerful in its message, and I continue to be in awe of this amazing young woman.

Last fall, I was honored to meet a young woman named Shyla Hutchins. And at the time, she was a senior at Tuskegee, my alma mater. But, four years before that, Shyla's story was quite different. She's from Alexander City, Alabama. The average income is about \$31,000. The population is about 15,000.

Shyla is from a single-parent home with one other sibling. Her older brother's college aspirations did not work out but left her mother in significant debt. In Shyla's words, when it was her turn for college, she had to go it alone.

Shyla understood the programs available at Federal Student Aid as well as any of the employees who work with me. Shyla's education was her path to a different life, and she took full advantage of everything available—completing two internships with Fortune 500 companies and diving deep into her mechanical engineering studies. All of this paid off.

When I met her, she had three job offers—two with major aerospace companies and one within the petroleum industry. Because of federal student aid and her work ethic, education may have changed the trajectory of her entire life. In fact, it may have changed the trajectory of her entire family for generations to come.

I'm happy to report that Shyla graduated Summa Cum Laude this past May debt-free. DEBT-FREE! She's now working for a petroleum company in Houston, and in June, she bought her first house.

This is LBJ's promise. Shyla and many others like her define our "why" at Federal Student Aid. Our journey to transform federal student aid won't be easy, and it won't happen overnight, but it will bring extraordinary rewards for students like Shyla, her parents, and the taxpayers we serve.

I often conclude events like these with the phrase, "Stay in the fight!"

As many of you know, I spent more than 30 years in the United States Air Force, and that phrase—Stay in the fight!—was common.

It's a battle cry, a motivating call—meant to remind us that no matter what obstacles we face, we must persevere to our ultimate goal. You may lose a battle; you may lose a scrimmage, but you never lose the larger goal, the war. Keeping the promise. In the military, it's used to remind airmen—and I include



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women in that moniker — that today's mission is part of a bigger picture.

NCAN: "Stay in the fight!" in this budget or next, is intended to remind us — all of us — that the size of Pell Grants may not be what we think they should be — or the Federal Work-Study Program may not reach as many students as we'd like. But don't give up. The work we are doing together is noble and making a difference for the students we do serve.

"Stay in the fight!" should remind us to press on — to keep helping low-income, first-generation students know about the FAFSA form and the myStudentAid mobile app. Because we know — despite our best efforts — there will always be another Shyla who believes they cannot pursue their educational dreams because of lack of money. Stay in the fight. We must prove them wrong.

So, I'd like to thank you for the part you play in keeping the promise to students and their families. Thank you for your time today. And **stay in the fight!** 